

CLASSIFICATION

CONFIDENTIAL

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

25X1

25X1

COUNTRY China

SUBJECT Dairen's Industrial Installations
 25X1

NO. OF PAGES 7

PLACE
ACQUIRED

25X1

NO. OF ENCLS.
(LISTED BELOW)

DATE
ACQUIRED BY SOURCE

SUPPLEMENT TO
REPORT []

DATE OF INFORMATION

25X1

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO BE RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

25X1

SOURCE

25X1

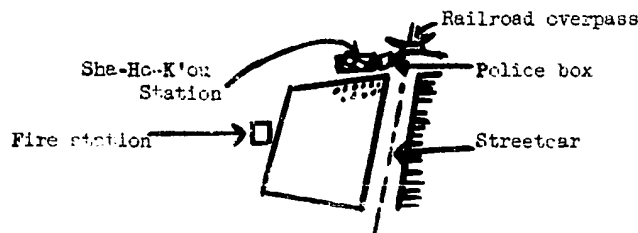
1. My answers to the various questions on specific industrial installations in Dairen are given below.
2. Manchuria Rolling Stock Company -

the plant of the subject company was not situated in the area indicated by the map shown to me [Confidential--formerly Restricted--map titled "Kwantung Leased Territory, City of Dairen", No 10112, January 1946, Department of State, Division of Map Intelligence and Cartography]. The following rough sketch indicates the area as it actually was:

25X1

25X1

25X1



25X1

The street on the sketch, with the street car line on it, was built through a deep stone cut, about 50 feet high. The eastern side of the cut still existed as of March 1952, but the western side had been cut down during World War II, leaving the block shown in the above sketch. The northern side of this block also had a steep cut, which faced the Sha-Ho-K'ou (Sakako) railway station. In any event, the whole block was unoccupied [redacted] and the only structure visible was a small fire station located opposite the western edge of the block. I would imagine that it was ever impossible to lay a railway track onto that block.

CLASSIFICATION

CONFIDENTIAL

ORR-Ev

DISTRIBUTION

SEE LAST PAGE FOR DISTRICT & AREA CODES

25X1

25X1

CONFIDENTIAL

- 2 -

(a) As far as I know, railway rolling stock was produced in Dairen prior to 1945 in two plants--the Southern Manchurian Railway workshops and Dairen Kikai. As far as the railway workshops were concerned, this type of production had been engaged in for a long time. I remember being in the workshops and seeing rolling stock being constructed. Dairen Kikai, on the other hand, was a comparatively new plant and one which was quickly expanding. During World War II, I noticed that freight cars were being built there. After the surrender in 1945, I visited the premises and saw rows of unfinished railway cars--boxcars and 50-ton gondola cars. The gondola cars were still standing

but were intact. I heard that for 1952 the former Southern Manchurian Railway workshops were ordered to produce several hundred freight cars. As regards Dairen Kikai, that section which was formerly engaged in manufacturing rolling stock now belongs to Factory No 18. Conversations were held about recommencing railway car production. Officials of No 18 insisted that they would not have adequate space for such activity and were attempting to annex some territory from Machine Factory No 17. It was the southern part of No 17's territory that was in question. I believe that this thought of re-constituting railway car production may force the unification of Factories No 17 and 18. The whole question illustrates how weak Chinese administrators are in calculating production, because, in Japanese times, Dairen Kikai produced rolling stock in addition to many other items and did not need the space required by Factory No 18.

(b) A possible theory in regard to the Manchuria Rolling Stock Company is that it might have been a subsidiary of Dairen Kikai. The Japanese in Manchuria usually employed this method of developing new branches in industry and commerce.

2. The former Oki Communication Apparatus Manufacturing Company, the former Koka Communications Equipment Manufacturing Company, and the former Toba Iron Works-- I have no knowledge of any of these firms, nor any information about airplane assembly work. However, the following thoughts, I believe, are pertinent. They represent only reasoning and not definite knowledge. The administration of the electric power complex in Dairen (later known as DALENERGO) was set up by the Soviets very soon after the Japanese surrender and was headed by electrical engineers. These specialists naturally paid most attention to any kind of production connected with electricity. They gathered every type of production facility available in this field and reinforced it with machinery from the USSR. DALENERGO had an electric motor-building shop, which also produced some appliances and did any kind of needed electric repair work. The shop had approximately 400 workmen. This means that the above-mentioned plants were either used by DALENERGO as the basis for this shop, or they had been completely destroyed and their machinery lost or taken piece-meal by other plants. Had the factories in question existed intact in 1945, they could not have been overlooked by DALENERGO.
3. The former Nishinwa Iron Works (in Kanchingtzu) - I have no information about this plant or the former Shinwa Steel Company. However, if one of them was situated in Kanchingtzu, it is very possible that one or both subsequently became Factory No 19 or 20. Factory No 19 or 20 was the plant which produced steel for tools and came under the jurisdiction of the machine building department (or mechanical industry department) in Mukden. I was never at this plant and do not know whether its number was 19 or 20. All that I know about the factory was reported by me in previous interviews.
4. The Kuang-ho Machinery Plant - I assume that this plant is now under Factory No 19 or Factory No 20 and that its specialty is the manufacture of boilers. The numbered factory, I believe, now produces steam rollers. Another possible theory is that the Kuang-ho Machinery Plant is the former Dairen Boiler Manufacturing Plant, the name of which is mentioned in one of the other questions put to me. I never visited any of these plants.

CONFIDENTIAL

25X1

CONFIDENTIAL

- 3 -

25X1

5. In regard to identifying by former name Machine Factory No 18 and Machine Factory No 8, [redacted] No 18 is the eastern part of the former Dairen Kikai. The northeast corner of these premises should be excepted, because here are located the oxygen plant and the tool shop, both of which belong to No 17. Factory No 8, if it existed in Dairen, must belong to some other department than that of machine building. The only plants which belonged to this department in Dairen were Nos 17, 18, 19, and 20.

6. The Tractor Factory - The question states that this factory was located four kilometers southwest of the Amanagawa power station. In fact, however, the area two kilometers and more south from this power station consisted only of an open, steep hill with some sort of an artillery battery stationed on top of it, of the race course, and of a settlement called the "doctor's village" (doktorski poselok). The settlement now houses pilots and other airmen. Even further from the power station, a yard for the construction of wooden schooners was built in 1944-45. However, up to the Japanese surrender in 1945, this yard had not turned out any finished production.

- (a) However, the former Dairen Kikai had engaged in major overhauling of tractors. [redacted] caterpillar tracks for tractors as well as some tractor bodies were stored in the yard of the oxygen plant. This activity had not been a major one. It had utilized only two aisles--each approximately only 40 meters long with heavy bridge cranes. The cranes were removed by the Soviets in 1945.

25X1

- (b) Another possible place where tractors had formerly been manufactured was a shop later occupied by the welding department of Machine Factory No 17. This, at least, was the theory of the engineers of No 17. Actually, of course, we did not know for exactly what type of production this shop had previously been used, but its heavy columns spaced close together, its heavy under-rail bars for cranes, and its narrow aisles supported the theory that it had been used for the assembly of tractors. Of course, all this refers to past activity. After World War II [redacted] I believe that no work was being done on tractors.

- (c) However, by chance I know that [redacted] the Chinese authorities had organized a tractor repair shop located, I believe, somewhere near the glass factory (see above-mentioned map). The shop was operated by Chinese convict labor. I think that this shop would probably tend to grow and it could become a tractor manufacturing plant.

25X1

25X1

7. In regard to the question about what former companies were consolidated in Dairen since 1945 and what the resulting companies were called, [redacted]

[redacted] at least as far as mechanical works only are concerned. The following summary, however, may be of use in consolidating and clarifying this subject. As of 1951-52 in Dairen, the machine industry included the following main plants: the four factories under the northeastern industrial administration in Mukden were Machine Factories No 17 through 20; the Chinese Changchun Railway workshops at Sha-Ho-K'ou; Daidock in Dairen; as well as the navy dock in Port Arthur. The railway workshops had some subsidiary plants such as the Signal Plant near Factory No 18 and the shops of the Dairen Railway District. In addition to the above, there were repair departments or shops at each large plant, such as the cement plant near Shu-Shu-Tzu and the chemical plants in Kanchingtsu. Some of these repair shops had expanded beyond the needs of their individual plants. For example, Vegetable Oil Plant No 2, which incidentally used the hydrogenization process, had set up its repair shop in such a manner and to such an extent (using over 100 workmen) that the shop produced in addition to its normal activities, water valves of from three to six inches in diameter, and other similar fittings for water works, and even had its own casting department. As a result, the officials of the repair shop were anxious to obtain new orders. [redacted]

25X1

25X1

25X1

25X1

CONFIDENTIAL

25X1

CONFIDENTIAL

- 4 -

25X1

25X1

25X1

[redacted] a large (by Dairen standards) radial drilling machine, with a radius of over one meter, of Japanese manufacture. This machine apparently was in excess of the needs of the oil plant and even in excess of the needs of its enlarged repair shop. Also the UKS (Upravlenie Kapitalnovo Stroitelstva - administration of major construction) of DALENERGO, which concerned itself with constructing new buildings for new investments, up to 1951 had set up a shop employing three to four hundred workmen. It had welding, mechanical, fitting, and wood-working departments. [redacted] it also possibly had a small casting department. This shop, like most of the other activities of UKS, after DALENERGO was dismembered, was transferred to a new Chinese building organization which came under some Mukden department [redacted] Finally, to summarize the above data, the situation was as follows:

- (a) The former Southern Manchuria Railway works and its subsidiaries--in general, no change, although it may have absorbed some neighboring plants.
- (b) Daldock--in 1951-52 absorbed one or two small shipyards.
- (c) Machine Factory No 17--the former Suzuki plant which absorbed some other plants (see the following paragraph for further details).
- (d) Machine Factory No 18--the main part of the former Dairen Kikai.
- (e) Nos 19 and 20--former Japanese plants [redacted]

25X1

[redacted] no additional mechanical plants employing over 50 or 60 workmen existed in Dairen in 1951-52. The above situation indicates [redacted] that other plants which had operated before the Japanese surrender disappeared in 1945-46. The best equipment was removed to the USSR, while older and less satisfactory machinery was dispersed among other factories supported by the Soviet authorities and among private Chinese shops. This last means of dispersal was very often achieved by plundering. Early in 1952 most of the machinery from the private Chinese shops was removed to government-owned plants. Part of this equipment was not used, at least at that time.

8. In regard to the question as to what companies were absorbed into Machine Plant No 17, [redacted] it probably would be useful to consolidate it below. Machine Factory No 17, ie, the former "Mechanicheski Zavod DALENERGO" (Machine Factory of DALENERGO) was composed of:

- (a) The former Suzuki Pipe Plant which had been located at Hiyoishi Cho No 2 in "New Chinatown" during the period 1945-48, ie, before this factory amalgamated with others to form No 17. This plant did not receive any new equipment during 1945-1948.
- (b) The "Instrumentalni Zavod DALENERGO" (instrument plant, or tool shop, of DALENERGO) was located on the southern bank of the Amanagawa River between the tramcar bridge and the street bridge. [redacted]

[redacted] Apparently during the period 1945-48 much machinery from other plants had been accumulated on the grounds of this factory. Most of the machinery was then not in use and gave an impression of disorder. The rough sketch below indicates the relative positions of Machine Factories No 17 and 18 along with the location of the tool, oxygen, and wood-working shops. [See reference map for indication of location in Dairen of the two machine factories.]

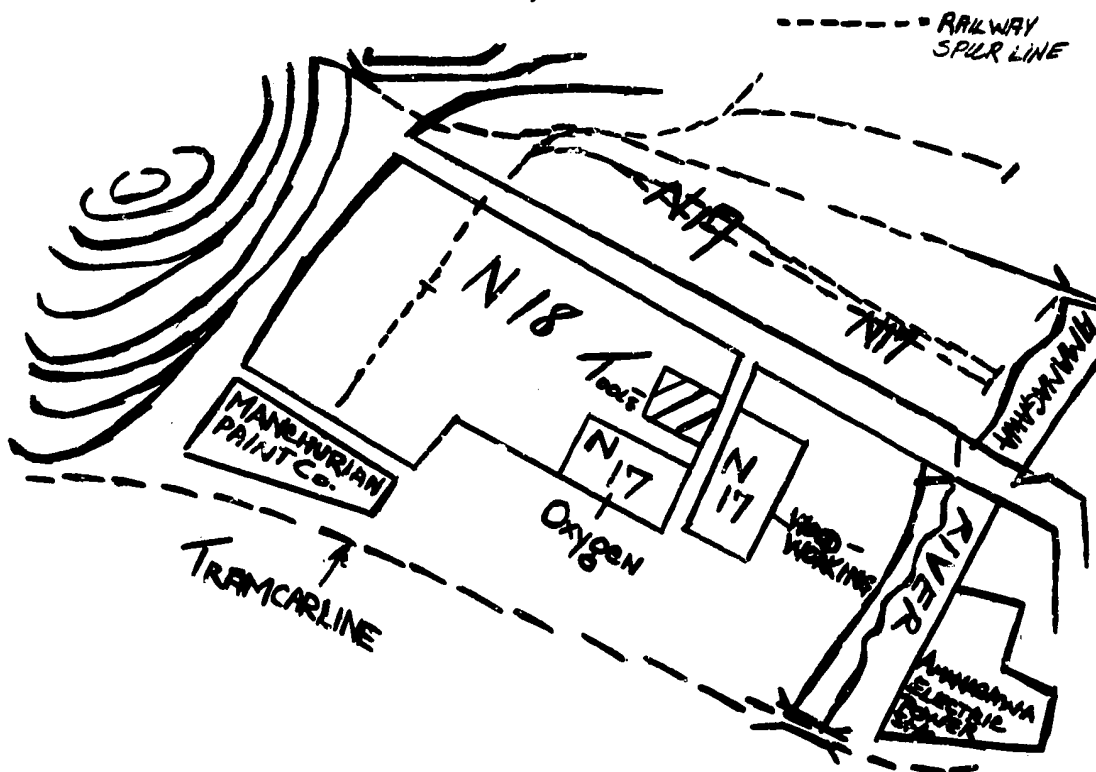
CONFIDENTIAL

25X1

25X1

CONFIDENTIAL

- 5 -



- (c) The "Kislorodno-Posudnii Zavod DALENERGO" (the oxygen-hollow ware plant of DALENERGO) was situated in the northeast corner of the Dairen Kikai (later Machine Factory No 18) premises. [redacted] in 1946-47 this plant was composed of the oxygen plant, which previously belonged to Dairen Kikai, and of the enameled hollow ware plant, which formerly belonged to some other Japanese firm. The capacity of the oxygen plant was increased by 50% by the Soviet Army which brought in an additional set of equipment. There had previously been two sets of equipment.
- (d) The Suzuki Pipe Plant and the Instrument Plant in 1948 were removed to the western part of the Dairen Kikai premises, ie, Machine Factory No 17. These premises included the ruined buildings of the casting department. The two plants also took over part of the adjoining premises of the switch plant of the Southern Manchurian Railway, and the completely devastated premises of a coal briquette plant and two other plants [redacted]
- (e) In 1948 and early in 1949, after the above plants had moved to their new location, Machine Factory No 17 received much machinery. [redacted] Part of them were bought from private Chinese owners and some were furnished by DALENERGO. The latter indicates that machinery had been assembled at other plants belonging to DALENERGO. [redacted] Other machines were brought from the stock of machinery of the Instrument Plant and rehabilitated. In brief, over 100 machines were stored, not covered, on the premises. From 10 to 20% of them were rehabilitated and put into production during the period 1948-51. In 1949-50, Factory No 17 received some new machinery from the USSR.

CONFIDENTIAL

25X1

CONFIDENTIAL

- 6 -

25X1 10. In regard to the question of the relationship between the former Dairen Dock Iron Works and the Sino Soviet Shipbuilding Company, [redacted]
 25X1 [redacted] Perhaps [redacted] it
 25X1 was an abbreviated means of reference to "Dairen Dock Iron Works". In regard to Dairen Dock, it is an integral part, and by far the major part, of the Sino Soviet Shipbuilding Company. The last mentioned firm received "Daldock", ie, Dairen Dock, from the Soviet authorities. [redacted] not even certain of the accuracy of the name "Sino Soviet Shipbuilding Company". Perhaps it includes the word "repairs" as well as "shipbuilding". During the time Daldock was under Soviet management only, the company had two main departments, shipbuilding and ship repair. The premises of these two departments were very close to each other and, therefore, [redacted]
 25X1 they were both integral parts of the dock. The division between the two was based upon the type of work, ie, repair or ship construction, not on territory. As I understand it, the new Sino Soviet Shipbuilding Company differs very little in equipment and premises from the former Daldock because the Chinese side of the enterprise was unable to contribute anything of particular value to Daldock, neither as to equipment, buildings, nor people. This amalgamation which formed the new Sino Soviet Shipbuilding Company was, [redacted] carried out merely to satisfy the Chinese and not for any businesslike reasons.

25X1 11. In discussing the question of what non-marine manufacturing is done by the Sino Soviet Shipbuilding Company [redacted]
 [redacted] Daldock had the capability of filling some orders over and above its marine program and [redacted]
 25X1 this capability was fairly sizeable. For example, in the fall of 1950 they agreed to the request of Factory No 17 that the dock produce 3000 or 5000 iron army bed-stands. However, this agreement was reached only after a good deal of pressure was put upon the dock by the Soviet Consulate and by Soviet Army authorities. [redacted]
 25X1 [redacted] officials of the dock did not want to engage in non-marine manufacture. This is similar to the attitude [redacted]
 25X1 the railway shops of Dairen, which also were very reluctant to manufacture items not directly connected with railway production.

25X1 12. In regard to the question as to what organs of government control each industry, [redacted]
 25X1 [redacted] the organization that came into effect after the system of Soviet and Sino Soviet trusts was abolished. [redacted] the provincial government in northeastern China in Mukden has special departments (otdeli) for each kind of industry, such as those of machine building, electric machine building and equipment, and construction. In areas such as Dairen, these departments have their representatives, supervising the plants concerned. The actual degree of influence of these local supervisors [redacted] depends upon the relative power, ability, and activity of the local plant management. In addition to this direct organizational line of control from Mukden, there is also a political connection, ie, the Communist Party in Dairen has the power to check on local work.

25X1 15. On the subject of what is left of the system of Soviet and Chinese trusts, [redacted]
 25X1 [redacted] none of the shops and plants was lost or destroyed after the system of Soviet and Sino Soviet trusts was abolished and the factories came under the jurisdiction of the Chinese northeastern government. Of course, the offices of trusts were closed or transferred and certain auxiliary organizations (even those with small technical shops) such as godown services, supply departments for workers, and housing departments, disappeared completely. In general, industry was re-organized according to the Soviet method, ie, plants with similar specialties were united under one pertinent department in Mukden, if those plants were large enough, and the smaller shops were turned over to the local Dairen City authorities. The new organization followed the Soviet pattern in that all industry was divided into three groups:

- (a) of all-Union importance
- (b) of Republic importance
- (c) of local importance

CONFIDENTIAL

25X1

CONFIDENTIAL

-7-

I understand, however, that two activities were not made to fit into this pattern in Dairen in 1952. These were Daldock and the Port of Dairen. I believe that the Soviets are likely to maintain strong influence longest in Daldock. They would do this because they need the work it can do in ship repairing, particularly for Arctic voyages, so long as the Soviets have not developed extensively dock yards in Vladivostok or in other localities such as Komsomolsk or Nikolaev on the Amur. I cannot recall more specifically, nor did I even know

25X1

25X1

how industrial plants were divided among the various industrial departments in Mukden. As a result I cannot say just to what department each plant was assigned and what new names were given to the plants at that time.

- end -

LIBRARY SUBJECT & AREA CODES

743.33	441L/C
744.7	441L/C
740.1	441L/C
741.18	441L/C
743.281	441L/C
740.02	441L/C
740.03	441L/C
740.09	441L/C
741	441L/C

CONFIDENTIAL